

State of Arizona
House of Representatives
Forty-sixth Legislature
First Regular Session
2003

CHAPTER 246

HOUSE BILL 2308

AN ACT

AMENDING SECTIONS 9-441.02, 9-499.08, 35-701, 35-706, 35-708, 35-726, 36-1471, 36-1472, 36-1473, 36-1474, 36-1475, 36-1476, 36-1477, 36-1478, 36-1479, 36-1480, 42-6203, 42-6209, 48-571, 48-574 AND 48-709, ARIZONA REVISED STATUTES; CHANGING THE DESIGNATION OF TITLE 36, CHAPTER 12, ARTICLE 3, ARIZONA REVISED STATUTES, TO "SLUM CLEARANCE AND REDEVELOPMENT"; RELATING TO SLUM CLEARANCE AND REDEVELOPMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 9-441.02, Arizona Revised Statutes, is amended to
3 read:

4 9-441.02. Powers of municipalities

5 A. A municipality has the authority to carry out the provisions of
6 this article, including the following:

7 1. Enter into contracts or leases with developers of housing
8 development projects containing covenants, restrictions and conditions
9 regarding the use of the property for residential purposes.

10 2. Finance or refinance, by loan, grant, lease or otherwise contract
11 with private developers to, construct, purchase, acquire, own, modify,
12 maintain, improve, sell, operate, develop or manage housing development
13 projects, and pay the costs of any housing development project from the
14 proceeds of bonds or other obligations of the municipality or any other
15 monies of the municipality, or from any contributions or loans by persons,
16 corporations, partnerships or other entities, all of which the municipality
17 is authorized to receive, accept and use.

18 3. Encourage and promote the improvement and revitalization of a
19 housing development area and make, contract for or otherwise cause to be made
20 long-range proposals for the housing development area.

21 4. Enter into contracts necessary to effectuate the purposes of this
22 article.

23 5. Do all things necessary or convenient to carry out the powers
24 conferred by this article, except acquire real property by eminent domain for
25 the purpose of this article unless a property owner voluntarily offers the
26 property owner's real property for sale.

27 B. This section ~~will~~ DOES not affect the authority of local governing
28 bodies to acquire property by eminent domain in redevelopment SLUM OR
29 BLIGHTED areas established under title 36.

30 Sec. 2. Section 9-499.08, Arizona Revised Statutes, is amended to
31 read:

32 9-499.08. Commercial enhancement reuse districts; qualified
33 developers; definitions

34 A. The governing body of a city or town may designate one commercial
35 enhancement reuse district in the city or town that meets all of the
36 following requirements:

37 1. The district contains a lake facility that exists before the
38 expiration of the certificate of qualification under subsection D of this
39 section.

40 2. The district contains not more than twenty-five acres, in addition
41 to the lake facility.

42 3. The district includes recreational, commercial and retail
43 facilities that exist before the expiration of the certificate of
44 qualification under subsection D of this section and that may be publicly or
45 privately owned or operated.

1 4. The district is located in a redevelopment SLUM OR BLIGHTED area
2 that is established pursuant to title 36, chapter 12, article 3.

3 B. A city or town that designates a commercial enhancement reuse
4 district shall prepare an annual report listing all new construction activity
5 of any type, as shown or measured by the issuance of building permits, in any
6 commercial enhancement reuse district and shall make copies of the report
7 available to the public.

8 C. A builder who wishes to qualify a development as a lake facility
9 development for purposes of a transaction privilege tax exemption under
10 section 42-5075, subsection B, paragraph 8 and section 42-6004 shall apply
11 to the city or town for a certificate of qualification as a lake facility
12 development. On receiving the application, the city or town may certify the
13 development as a lake facility development if it determines that all of the
14 following are true:

15 1. The development will contribute to the long-term vitality of the
16 commercial enhancement reuse district.

17 2. The quality of the proposed development is appropriate to the area.

18 3. The investment to be made in the development is at least forty
19 million dollars.

20 D. Through December 31, 2004, if the city or town determines that the
21 development qualifies as a lake facility development, it shall issue a
22 certificate of qualification to a builder or builders describing the property
23 so qualifying. A city or town shall not issue a certificate of qualification
24 after December 31, 2004. A certificate is valid with respect to any lake
25 facility development or portion thereof that is constructed and completed for
26 occupancy or use within five calendar years after the certificate is issued.

27 E. In this section:

28 1. "Builder" means a person who acts as a prime contractor, as defined
29 in section 42-5075, in constructing any new lake facility development in a
30 designated commercial enhancement reuse district.

31 2. "Lake facility" means a publicly or privately owned artificial lake
32 or a publicly or privately owned constructed aquatic habitat and related
33 reservoir that covers at least one hundred acres within the exterior
34 boundaries of the city or town and that is impounded primarily in an existing
35 natural riverbed or that is adjacent to an existing natural riverbed, with
36 related facilities for use of and access to water.

37 3. "Lake facility development" means a lake facility and ancillary
38 improvements for which the construction costs do not exceed one hundred
39 twenty-five million dollars and for which the builder has received a
40 certificate of qualification under this section. Ancillary improvements may
41 include the following, whether located in or outside the lake facility or
42 whether newly constructed or renovated:

43 (a) Necessary or incidental workings.

44 (b) Necessary or desirable furnishings, equipment and appurtenances
45 associated with the lake.

1 (c) Impoundment structures, edge treatment and water delivery and
2 recovery systems.

3 (d) Drainage and flood control systems, including facilities for
4 collection, transportation, diversion, storage, detention, retention,
5 dispersal, effluent use and discharge.

6 (e) Water systems for domestic, irrigation, municipal or fire
7 protection purposes including production, collection, storage, treatment,
8 transportation, delivery and connection with dispersal.

9 (f) Roadways and shared parking facilities for the lake, public
10 recreation areas, open space and hardscape areas.

11 (g) Pedestrian walkways, trails, parks, recreational facilities and
12 open space areas for use by the public for entertainment, assembly and
13 recreation.

14 (h) Relocating power lines or placing power lines underground.

15 Sec. 3. Section 35-701, Arizona Revised Statutes, is amended to read:

16 35-701. Definitions

17 In this chapter, unless the context otherwise requires:

18 1. "Corporation" means any corporation organized as an authority as
19 provided in this chapter.

20 2. "Designated area" means any area of this state which is either
21 designated pursuant to section 36-1479 as a redevelopment SLUM OR BLIGHTED
22 area as defined in section 36-1471, or designated by regulation as a pocket
23 of poverty or a neighborhood strategy area by the United States department
24 of housing and urban development pursuant to title I of the housing and
25 community development act of 1977 (42 United States Code sections 5301
26 through 5320), as amended, and the department of housing and urban
27 development act (42 United States Code section 3535(d)).

28 3. "Governing body" means:

29 (a) The board or body in which the general legislative powers of the
30 municipality or the county are vested.

31 (b) The Arizona board of regents with respect to a corporation formed
32 with the permission of the Arizona board of regents.

33 4. "Income" means gross earnings from wages, salary, commissions,
34 bonuses or tips from all jobs, net earnings from such person's or family's
35 own nonfarm business, professional practice or partnership, and net earnings
36 from such person's or family's own farm. Income includes income, other than
37 earnings, that consists of amounts received from social security or railroad
38 retirement, interest, dividends, veterans payments, pensions and other
39 regular payments, public assistance or welfare payments, including aid for
40 dependent children, old age assistance, general assistance and aid to the
41 blind or totally disabled, but excluding separate payments for hospital or
42 other medical care.

43 5. "Manufactured house" means a structure that is manufactured in a
44 factory after June 15, 1976, that is delivered to a homesite in more than one
45 section and that is placed on a permanent foundation. The dimensions of the

1 completed house shall not be less than twenty feet by forty feet, the roof
2 must be sloping, the siding and roofing must be the same as those found in
3 site-built houses and the house must be eligible for thirty year real estate
4 mortgage financing.

5 6. "Municipality" or "county" means the Arizona board of regents or
6 any incorporated city or town, including charter cities, or any county in
7 this state in which a corporation may be organized and in which it is
8 contemplated the corporation will function.

9 7. "Persons of low and moderate income" means, for the purposes of
10 financing owner-occupied single family dwelling units in areas which the
11 municipality has found, pursuant to section 36-1479, to be redevelopment SLUM
12 OR BLIGHTED areas, as defined in section 36-1471, persons and families whose
13 income does not exceed two and one-half times the median family income of
14 this state. In all other areas it means persons and families whose income
15 does not exceed one and one-half times the median family income of this
16 state.

17 8. "Project" means any land, any building or any other improvement and
18 all real and personal properties, including machinery and equipment whether
19 or not now in existence or under construction and whether located within or
20 without the municipality or county approving the formation of the
21 corporation, that are suitable for any of the following:

22 (a) With respect to a corporation formed with the permission of a
23 municipality or county other than the Arizona board of regents:

24 (i) Any enterprise for the manufacturing, processing or assembling of
25 any agricultural or manufactured products.

26 (ii) Any commercial enterprise for the storing, warehousing,
27 distributing or selling of products of agriculture, mining or industry, or
28 of processes related thereto, including research and development.

29 (iii) Any office building or buildings for use as corporate or company
30 headquarters or regional offices or the adaptive use for offices of any
31 building within this state that is on the national register of historic
32 places or rehabilitation of residential buildings located in registered
33 historic neighborhoods.

34 (iv) A health care institution as defined in section 36-401.

35 (v) Residential real property for dwelling units located within the
36 municipality or county approving the formation of the corporation and, in the
37 case of a county, whether or not also within a municipality that is within
38 the county.

39 (vi) Repairing or rehabilitating single family dwelling units or
40 constructing or repairing residential fences and walls.

41 (vii) Convention or trade show facilities.

42 (viii) Airports, docks, wharves, mass commuting facilities, parking
43 facilities or storage or training facilities directly related to any of the
44 facilities as provided in this item.

1 (ix) Sewage or solid waste disposal facilities or facilities for the
2 furnishing of electric energy, gas or water.

3 (x) Industrial park facilities.

4 (xi) Air or water pollution control facilities.

5 (xii) Any educational institution that is operated by a nonprofit
6 educational organization that is exempt from taxation under section 501(c)(3)
7 of the United States internal revenue code and that is not otherwise funded
8 by state monies, any educational institution or organization that is
9 established under title 15, chapter 1, article 8 and that is owned by a
10 nonprofit organization, any private nonsectarian school or any private
11 nonsectarian organization established for the purpose of funding a joint
12 technological education school district.

13 (xiii) Research and development facilities.

14 (xiv) Commercial enterprises, including facilities for office,
15 recreational, hotel, motel and service uses if the facilities authorized by
16 this item are to be located in a designated area.

17 (xv) A child welfare agency, as defined in section 8-501, owned and
18 operated by a nonprofit organization.

19 (xvi) A transportation facility constructed or operated pursuant to
20 title 28, chapter 22, article 1 or 2.

21 (xvii) A museum operated by a nonprofit organization.

22 (xviii) Facilities owned or operated by a nonprofit organization
23 described in section 501(c) of the United States internal revenue code of
24 1986 that is primarily engaged in delivering community services on that
25 property consisting of fitness programs, camping programs, health and
26 recreation services, youth programs, child care, senior citizen programs,
27 individual and family counseling, employment and training programs, services
28 for individuals with disabilities, meals, feeding programs or disaster
29 relief.

30 (xix) New or existing correctional facilities that contract
31 exclusively with the Arizona STATE department of corrections or the Arizona
32 department of juvenile corrections for the housing of inmates or persons
33 adjudicated delinquent COMMITTED YOUTHS.

34 (b) With respect to a corporation formed with the permission of the
35 Arizona board of regents, any facility consisting of classrooms, lecture
36 halls or conference centers or any facility for research and development or
37 for manufacturing, processing, assembling, marketing, storing and
38 transferring items developed through or connected with research and
39 development or in which the results of such research and development are
40 utilized, but only if the facility is located in an area designated as a
41 research park by the Arizona board of regents.

42 9. "Property" means any land, improvements thereon, buildings and any
43 improvements thereto, machinery and equipment of any and all kinds necessary
44 to a project and any other personal properties deemed necessary in connection
45 with a project.

1 10. "Research park" means an area of land that has been designated by
2 the Arizona board of regents as a research park for a university and that,
3 at the date of designation, is owned by this state or by the Arizona board
4 of regents.

5 11. "Single family dwelling unit" includes any new, used or
6 manufactured house that meets the insuring requirements of the federal
7 housing administration, the veterans administration or any other insuring
8 entity of the United States government or any private mortgage insurance or
9 surety company that is approved by the federal home loan mortgage corporation
10 or the federal national mortgage association.

11 Sec. 4. Section 35-706, Arizona Revised Statutes, is amended to read:

12 35-706. Corporate powers

13 A. In addition to the powers granted to an industrial development
14 authority by law, the authority shall have the following powers, together
15 with all powers incidental or necessary for the performance of the following:

16 1. To acquire, whether by purchase, exchange, gift, lease or otherwise
17 establish, construct, improve, maintain, equip and furnish one or more
18 projects.

19 2. To lease to others any or all of its projects, to charge and
20 collect rent and to terminate any lease upon the failure of the lessee to
21 comply with any of the obligations of the lease.

22 3. To sell, exchange, donate and convey to others any or all of its
23 projects or properties upon terms and conditions as its board of directors
24 may deem advisable, including the power to receive for any sale the note or
25 notes of the purchaser of the project or property, whenever its board of
26 directors finds the action to further advance the interest of the
27 corporation.

28 4. To issue its bonds for the purpose of carrying out any of its
29 powers.

30 5. To mortgage and pledge any or all of its projects and properties,
31 whether owned or acquired, and to pledge the revenues, proceeds and receipts
32 or any portion of the revenues, proceeds and receipts from a project as
33 security for the payment of the principal of and interest on any bonds so
34 issued and any agreements made in connection therewith.

35 6. To contract with and employ others to provide and to pay
36 compensation for professional services and other services as the board of
37 directors deems necessary for the financing of projects and for the business
38 of the corporation.

39 7. To refund outstanding obligations incurred by an enterprise to
40 finance the cost of a project when the board of directors finds that the
41 refinancing is in the public interest.

42 8. To invest and reinvest funds under the control of the corporation
43 and bond proceeds pending application thereof to the purposes for which the
44 bonds were issued, subject only to the provisions of any bond resolution,
45 lease or other agreement entered into by the board of directors.

1 9. To make secured or unsecured loans for the purpose of financing or
2 refinancing the acquisition, construction, improvement, equipping or
3 operating of a project and to charge and collect interest on the loans and
4 pledge the proceeds of loan agreements as security for the payment of the
5 principal and interest of any bonds, or designated issues of bonds, issued
6 by the corporation, and any agreements made in connection with the loan,
7 whenever the board of directors finds the loans to further advance the
8 interest of the corporation or the public.

9 10. To acquire and hold obligations of any kind to carry out any of its
10 purposes.

11 11. Subject to the provisions of this section to make loans to any
12 bank, savings and loan institution, credit union or other mortgage lender,
13 whether organized or existing under the laws of this state, another state or
14 the United States, which is qualified to do business in this state, for the
15 purpose of enabling the institutions to make loans to finance the
16 acquisition, construction, improvement or equipping of projects which are
17 owner-occupied single family dwelling units to be occupied by persons of low
18 and moderate income, as determined by the corporation. The loans shall be
19 fully secured in the same manner as deposits of public funds or by loans
20 secured by mortgages, deeds of trust or other security instruments guaranteed
21 or insured by the United States, or any instrumentality thereof, or by any
22 private mortgage insurance or surety company which is approved by the federal
23 home loan mortgage corporation or the federal national mortgage association
24 and which is licensed to do business in this state, if the private mortgage
25 insurance shall be in a dollar amount sufficient to satisfy the mortgage
26 insurance requirements for loans eligible to be purchased by the federal home
27 loan mortgage corporation or the federal national mortgage association or any
28 other agency or department of the United States. The security shall not be
29 necessary if the bonds issued to make the loans are guaranteed or insured by
30 an agency, department or instrumentality of the United States. Any bonds
31 issued to make loans shall be ratable as "A" or better by a nationally
32 recognized bond rating agency.

33 12. Subject to the provisions of this section to purchase or enter into
34 advance commitments to purchase loans or any loan interests secured by
35 mortgages, deeds of trust or other security instruments relating to projects
36 which are owner-occupied single family dwelling units from or with any bank,
37 savings and loan institution, credit union or other mortgage lender, whether
38 organized or existing under the laws of this state, another state or the
39 United States, which is qualified to do business in this state, on terms and
40 conditions as may be determined by the corporation. The purpose of the
41 purchases shall be to finance directly or indirectly the acquisition,
42 construction, improvement or equipping of projects which are owner-occupied
43 single family dwelling units to be occupied by persons of low and moderate
44 income. If the bonds issued to make purchases are not guaranteed or insured
45 by an agency, department or instrumentality of the United States or secured

by a letter of credit, insurance policy, surety bond or other credit facility from a financial institution or a combination of such instruments, the purchased loans shall be guaranteed or insured by the United States or any agency, department, or instrumentality thereof, or by any private mortgage insurance or surety company which is approved by the federal home loan mortgage corporation or the federal national mortgage association or secured by a letter of credit, insurance policy, surety bond or other credit facility from a financial institution or a combination of such instruments. In the case of private mortgage insurance, the insurance shall be in a dollar amount sufficient to satisfy the mortgage insurance requirements for loans eligible to be purchased by the federal home loan mortgage corporation or the federal national mortgage association or any other agency or department of the United States. Any bonds issued to purchase loans shall be ratable as "A" or better by a nationally recognized bond rating agency. If the purchased loans have not been originated on behalf of the corporation to directly finance projects, the corporation shall require that the institution receiving proceeds from the sale of the loans use the proceeds to make loans to finance or refinance the acquisition, construction, improvement or equipping of projects which are owner-occupied single family dwelling units to be occupied by persons of low and moderate income, as determined by the corporation.

13. To elect not to issue an amount of qualified mortgage revenue bonds which it may otherwise issue during any calendar year and to issue instead mortgage credit certificates pursuant to a qualified mortgage credit certificate program as defined in section 35-901.

14. To make loans to any person or entity owning residential property or to make loans to any bank, savings and loan association, credit union or other mortgage lender, or to purchase or enter into advance commitments to purchase funding for the repair or improvement of property related to residential or neighborhood improvement projects. An authority may issue its bonds or incur other obligations to fund loans or purchases. An authority shall establish the provisions relating to bonds or other obligations, including the security for the loans, and shall establish the guidelines for the approval, funding, purchasing and security of the loans.

15. To enter into contracts and execute any agreements or instrument and do any other act necessary or appropriate to carry out its purposes.

B. The corporation shall not have the power to operate any project as a business other than as lessor or seller nor shall any corporation make any loans pursuant to subsection A, paragraph 9 of this section for projects which are owner-occupied single family dwelling units except by utilizing as its contract agent a mortgage lender, whether organized or existing under the laws of this state, another state or the United States, which is qualified to do business in this state. Any project established pursuant to subsection A, paragraph 14 of this section is not required to use a mortgage lender as its contract agent. The corporation shall not permit any funds derived from the sale of its bonds to be used, loaned or provided for the acquisition of

1 any facilities of a public utility or public service corporation, except as
2 provided in section 35-701. The corporation shall comply with the provisions
3 of title 38, chapter 3, article 3.1.

4 C. A person's or family's eligibility for an owner-occupied single
5 family dwelling unit financed pursuant to subsection A, paragraph 11, 12 or
6 13 of this section shall be determined by considering the person's or
7 family's income. Owner-occupied single family dwelling units shall only be
8 financed as provided in subsection A, paragraphs 11, 12 and 13 of this
9 section unless the owner-occupied single family dwelling units are located
10 in an area designated pursuant to section 36-1479 as a redevelopment SLUM OR
11 BLIGHTED area as defined in section 36-1471 by a municipality having a
12 population of more than two hundred fifty thousand persons according to the
13 most recent United States decennial census or a special census conducted in
14 accordance with section 42-5033.

15 D. In the exercise of its powers authorized in this section with
16 respect to projects which are owner-occupied single family dwelling units to
17 be occupied by persons of low and moderate income and financed pursuant to
18 subsection A, paragraphs 11 and 12 of this section, the corporation shall
19 establish, subject to approval by the governing body of the authorizing
20 county or municipality, standards and requirements applicable to the purchase
21 of loans or the making of loans to mortgage lenders, including:

22 1. The eligibility of mortgage lenders, including the requirement that
23 all mortgage lenders be approved as mortgagees by the federal housing
24 administration and the veterans administration and be approved as sellers and
25 servicers of mortgage loans by the federal national mortgage association or
26 federal home loan mortgage corporation.

27 2. The time within which mortgage lenders must make commitments and
28 disbursements for mortgage loans.

29 3. The character of residences to be financed by mortgage loans.

30 4. The eligibility of persons of low and moderate income, including
31 the requirement that no person of low and moderate income may receive, more
32 than once in a three year period, a mortgage loan financed directly or
33 indirectly from the proceeds of bonds issued by the corporation.

34 5. The terms and conditions of mortgage loans to be acquired.

35 6. The amounts and types of insurance coverage required on residences,
36 mortgages and bonds.

37 7. The representations and warranties of mortgage lenders confirming
38 compliance with the standards and requirements.

39 8. Restrictions as to interest rate and other terms of mortgage loans
40 and the return realized on mortgage loans by mortgage lenders.

41 9. The type and amount of collateral security to be provided to assure
42 repayment of any loans from the corporation and to assure repayment of bonds.

43 10. Assignment of the mortgage loans to a trustee acting on behalf of
44 the corporation which shall be either a bank or trust company doing business
45 in this state, having an officially reported combined capital surplus,

1 undivided profits and reserves of not less than fifteen million dollars.
2 Trustees must be approved to sell mortgages to and service mortgages for the
3 federal national mortgage association and the federal home loan mortgage
4 corporation.

5 11. Any other matters related to the purchase of mortgage loans or the
6 making of loans to mortgage lenders deemed relevant by the corporation in
7 establishing standards and requirements, the corporation shall be guided by
8 the following standards:

9 (a) The amount of mortgage monies proposed to be made available in the
10 area is to be reasonably related to the demand for mortgage monies.

11 (b) For projects of owner-occupied single family dwelling units to be
12 occupied by persons of low and moderate income and financed pursuant to
13 subsection A, paragraphs 11 and 12, at least ten per cent of all mortgage
14 monies proposed to be made available by the corporations other than mortgage
15 monies reserved for any period to finance mortgage loans on residences
16 located within an area designated as a redevelopment SLUM OR BLIGHTED area
17 as defined in section 36-1471 shall be reserved for at least a three month
18 period for the financing of mortgage loans on manufactured housing unless the
19 department of commerce makes a determination that any bonds issued to make
20 loans will not be ratable as "A" or better by a nationally recognized bond
21 rating agency, in which case no such reservation is required. If all the
22 mortgage monies reserved for manufactured housing are not committed or used
23 to make mortgage loans during this three month period, the mortgage lender
24 may allocate the remaining monies to finance mortgage loans on any single
25 family dwelling unit.

26 (c) Any departure from the level of commitment fees, origination fees
27 or servicing fees normally charged by a mortgage lender is to be justified
28 in the context of the transaction.

29 (d) The costs, fees and expenditures associated with the issuance of
30 bonds are to be reasonably related to the services provided.

31 E. Only corporations, the formations of which have been approved by
32 the governing body of a county, having a population of more than nine per
33 cent of the total state population computed according to the most recent
34 United States decennial census or by the governing body of a municipality
35 having a population of more than nine per cent of the total state population
36 computed, according to the most recent United States decennial census, shall
37 have the powers granted in subsection A, paragraphs 11, 12 and 13 of this
38 section. Except as provided in section 35-913, subsections E and F, a
39 corporation shall not exercise the powers granted in subsection A, paragraphs
40 11, 12 and 13 of this section outside of its jurisdiction. For the purposes
41 of a refunding of any mortgage revenue bond issued before January 1, 2000,
42 the proceeds from the refunding may be used outside the jurisdiction of the
43 corporation issuing the refunding bonds except the corporation issuing the
44 refunding bonds shall obtain the consent from another corporation with powers
45 granted in subsection A, paragraphs 11, 12 and 13 of this section if the

1 proceeds of the refunding are to be used within the jurisdiction of that
2 corporation. For the purposes of exercising the powers granted in subsection
3 A, paragraphs 11, 12 and 13 of this section, the jurisdiction of a
4 corporation formed on behalf of a county includes all incorporated and
5 unincorporated territory in the county.

6 F. A corporation may not permit proceeds of bonds or a qualified
7 mortgage credit certificate program to be used to finance projects which are
8 owner-occupied single family dwelling units within the corporate limits of
9 an incorporated city or town unless the governing body of the city or town
10 has approved the general location and character of the residences to be
11 financed. The corporation shall, prior to the issuance of bonds or mortgage
12 credit certificates for that purpose, give written notice to the governing
13 body of each city or town in which it intends to permit proceeds of an issue
14 of bonds or mortgage credit certificates to be used to finance projects which
15 are owner-occupied single family dwelling units and of the general location
16 and character of the residences which may be financed. The governing body
17 of the city or town shall be deemed to have given its approval unless it has
18 denied approval by formal action of the governing body within twenty-one days
19 after receiving the written notice from the corporation. Approvals given or
20 deemed to have been given with respect to use of proceeds of an issue of
21 bonds or mortgage credit certificates under this subsection may not be
22 withdrawn. Denials may be withdrawn by the governing body of a city or town
23 and approval may be given thereafter if the corporation issuing the bonds or
24 mortgage credit certificates approves the withdrawal of the denial.

25 G. Two or more corporations with the powers granted by subsection E
26 of this section may provide:

27 1. That a corporation, the formation of which was approved by the
28 governing body of a county or city, may exercise the powers granted in
29 subsection A, paragraphs 11, 12 and 13 of this section, with respect to
30 owner-occupied single family dwelling units located in all counties and
31 cities which are parties to a cooperative agreement.

32 2. For the joint exercise by two or more corporations, each formed
33 with the approval of a governing body executing the cooperative agreement,
34 of the powers granted in subsection A, paragraphs 11, 12 and 13 of this
35 section, with respect to owner-occupied single family dwelling units located
36 in all counties and cities which are parties to the cooperative agreement.
37 The agreement shall specify the calendar year or years for which it is
38 effective, the means by which the agreement may be terminated prior to the
39 expiration of the calendar year or years and the aggregate principal amount
40 of bonds which may be issued by the designated corporation or corporations
41 to exercise the powers pursuant to the agreement. The corporation or
42 corporations designated in the agreement to exercise the powers in the
43 counties and cities which are parties to the agreement are the only
44 corporation or corporations authorized and having jurisdiction to exercise
45 the powers and to issue bonds to carry out the powers in the counties and

1 cities while the agreement is in effect. The combined jurisdictions of all
2 the counties and cities which are parties to the cooperative agreement are
3 the jurisdictions of the corporation or corporations designated to exercise
4 the powers granted in subsection A, paragraphs 11, 12 and 13 of this section
5 within the meaning of the mortgage subsidy bond tax act of 1980 (26 United
6 States Code section 103A).

7 H. It shall not be a conflict of interest under title 38, chapter 3,
8 article 8, and this chapter, for any trustee or any mortgage lender to enter
9 into loan agreements with, or to sell mortgage loans to, the corporation as
10 contemplated in subsection A, paragraphs 11, 12 and 13 of this section, act
11 for or under contract with the corporation as a mortgage originator,
12 servicer, paying agent or depository, act as holder or dealer of bonds of the
13 corporation, have as a director, officer or employee any member of the board
14 of directors of the corporation or any combination.

15 I. The department of economic security shall once in each calendar
16 year on or before March 1 determine the median family income of this state
17 for the purposes of this chapter.

18 J. All areas in this state which are either designated pursuant to
19 section 36-1479 as redevelopment SLUM OR BLIGHTED areas as defined in section
20 36-1471 or designated as pockets of poverty by the United States department
21 of housing and urban development are designated as areas of chronic economic
22 distress within the meaning of the mortgage subsidy bond tax act of 1980 (26
23 United States Code section 103A).

24 K. Any corporation that is described in subsection E of this section
25 and that desires to exercise the powers granted in subsection A, paragraphs
26 11, 12 and 13 of this section, with respect to owner-occupied single family
27 dwelling units located in two or more counties, may do so if the corporation,
28 before issuing bonds or mortgage credit certificates for that purpose, gives
29 written notice to the governing bodies of the other counties and their
30 respective corporations, if any, of its intent to permit the proceeds of an
31 issue of bonds or mortgage credit certificates to finance projects within its
32 jurisdiction which are owner-occupied single family dwelling units. The
33 governing body of a county and its respective corporation, if any, which have
34 been given notice are deemed to have approved the use of the proceeds or
35 mortgage credit certificates for owner-occupied single family dwelling units
36 within their jurisdiction and approved the use of any state ceiling, as
37 defined in section 35-901, unless approval is denied by formal action of the
38 governing body or the board of directors of the corporation, if any, within
39 twenty-one days after receiving written notice from the corporation. Absent
40 a denial of approval as stated in this subsection, a cooperative agreement
41 providing for the exercise of the powers granted in subsection A, paragraphs
42 11, 12 and 13 of this section is deemed to exist among the applicable
43 counties or corporations. Approvals given or deemed to have been given with
44 respect to the matters stated in this subsection may not be withdrawn.
45 Denials by the governing body of a county apply only to the unincorporated

1 areas of the county. Denials may be withdrawn by the governing body of a
2 county and approval may be given thereafter if the corporation issuing the
3 bonds or mortgage credit certificates approves the withdrawal of the denial.
4 Mortgage credit certificates and bond proceeds issued pursuant to this
5 subsection shall be available on an equitable basis within each of the
6 participating counties.

7 Sec. 5. Section 35-708, Arizona Revised Statutes, is amended to read:

8 35-708. Financing certain owner-occupied single family
9 dwelling; exception

10 A. For purposes of section 35-701, paragraph 7, in areas other than
11 a redevelopment SLUM OR BLIGHTED area, the authority undertaking the bond
12 issue shall set aside for sixty days thirty per cent of the mortgages for
13 owner-occupied single family dwelling units for persons and families whose
14 income is below the median family income of this state.

15 B. This section does not apply to projects described in section
16 35-701, paragraph 8, subdivision (a), item (vi) or programs established
17 pursuant to section 35-706, subsection A, paragraph 14.

18 Sec. 6. Section 35-726, Arizona Revised Statutes, is amended to read:

19 35-726. Approval of general plan before issuing bonds; fee;
20 definition

21 A. Bonds shall not be issued by a corporation for the purpose of
22 financing single family dwelling units pursuant to section 35-706, subsection
23 A, paragraph 11 or 12 without approval of a general plan by its governing
24 body. The corporation shall submit a general plan for each respective series
25 of bonds to its governing body. The general plan shall briefly describe:

26 1. The amount of the proposed bonds.

27 2. The maximum term of the bonds.

28 3. The maximum interest rate on the bonds.

29 4. The need for the bond issue.

30 5. The terms and conditions for originating or purchasing mortgage
31 loans or making loans to lenders.

32 6. The area in which the single family dwelling units to be financed
33 may be located.

34 7. The proposed fees, charges and expenditures to be paid for
35 originators, servicers, trustees, custodians, mortgage administrators and
36 others.

37 8. All insurance requirements with respect to mortgage loans,
38 mortgaged property, mortgagors, originators, servicers and trustees.

39 9. The anticipated date of issuance of the bonds.

40 B. The governing body shall review general plans submitted by
41 corporations pursuant to subsection A of this section. In reviewing the
42 plans the governing body shall consider:

43 1. Whether the amount of the mortgage monies proposed to be made
44 available is reasonably related to the demand for the mortgage monies.

1 2. Whether the terms of the general plan are justifiable in the
2 context of the transaction and in the context of similar transactions.

3 3. Whether the fees, costs and expenditures as set forth in the
4 general plan are reasonably related to the services provided.

5 4. For projects of owner-occupied single family dwelling units to be
6 occupied by persons of low and moderate income and financed pursuant to
7 section 35-706, subsection A, paragraphs 11 and 12, whether the proposed
8 mortgage monies to be made available will fulfill a public purpose by
9 providing housing for persons of low and moderate income or by encouraging
10 single family developments in all participating jurisdictions, including such
11 jurisdictions' redevelopment SLUM OR BLIGHTED areas as defined in section
12 36-1471.

13 C. The governing body shall approve or disapprove the general plan not
14 later than thirty days after receipt of the plan. If the governing body does
15 not act upon the general plan within thirty days from the date of receipt,
16 the general plan shall be deemed approved. If a general plan is approved,
17 the corporation may issue the series of bonds covered by the general plan
18 with a total principal amount, maximum term and maximum interest rate no
19 greater than that which is set forth in the general plan. The origination
20 and servicing fees pertaining to mortgage loans to be financed in accordance
21 with the general plan shall not exceed those proposed in the general
22 plan. The corporation may vary other items in the general plan upon a
23 finding that the variation is minor and that the variations will not impair
24 the security for the bonds or substantially increase the cost of financing
25 the single family dwelling units and the findings of the corporation shall
26 be conclusive.

27 D. The governing body may charge any corporation submitting a general
28 plan for review a fee of not to exceed ten thousand dollars together with
29 reimbursement of its actual costs and expenses incurred in reviewing the
30 general plan.

31 E. A corporation shall not issue bonds, other than refunding bonds the
32 proceeds of which are used exclusively to refund a prior bond issue, to
33 finance a multifamily residential rental project, sanitarium, clinic, medical
34 hotel, rest home, nursing home, skilled nursing facility or life care
35 facility as prescribed in section 20-1801, unless the department approves the
36 project. The department, with or without a hearing, shall review the project
37 and consider at least the following factors:

38 1. The demand for and feasibility of the project in the area set forth
39 in the application to the corporation.

40 2. The terms and conditions of the proposed bonds.

41 3. The proposed use of bond proceeds.

42 4. The benefit to the public if the project provides rental housing
43 for persons of low and moderate income or encourages rental housing in
44 redevelopment SLUM OR BLIGHTED areas as defined in section 36-1471.

1 5. If the project consists of a nursing home, or a life care facility
2 as prescribed in section 20-1801, the benefit to the public of the project,
3 including the proposed rent, fees and other charges of the project in
4 relation to the level of services to be offered.

5 F. Subsection E of this section does not apply to bonds issued to
6 finance a sanitarium, clinic, medical hotel, rest home, nursing home, skilled
7 nursing facility, or life care facility as prescribed in section 20-1801, if
8 the facility is to be owned and operated by this state or a political
9 subdivision or agency of this state.

10 G. The department with or without a hearing shall approve or
11 disapprove the project not later than thirty days after receipt of the
12 request for approval. If the project is approved the corporation may issue
13 the bonds described in the approval request with the total principal amount,
14 maximum term and maximum interest rate no greater than as set forth in the
15 request. The department shall charge each applicant submitting a project
16 approval request pursuant to this subsection a fee of not to exceed five
17 thousand dollars together with reimbursement of its actual costs and expenses
18 incurred in reviewing the project. Beginning on October 1, 2002, the
19 department shall remit the fees to the state treasurer for deposit in the
20 Arizona department of housing program fund established by section 41-3957.

21 H. For the purposes of this section, "department" means:—

22 ~~1. Through September 30, 2002, the office of housing development in~~
23 ~~the governor's office.~~

24 ~~2. Beginning on October 1, 2002, the Arizona department of housing.~~

25 Sec. 7. Heading change

26 The article heading of title 36, chapter 12, article 3, Arizona Revised
27 Statutes, is changed from "REDEVELOPMENT AREAS" to "SLUM CLEARANCE AND
28 REDEVELOPMENT".

29 Sec. 8. Section 36-1471, Arizona Revised Statutes, is amended to read:

30 36-1471. Definitions

31 In this article, unless the context otherwise requires:

32 1. "Area of operation" means the area within the territorial
33 boundaries of the municipality.

34 2. "BLIGHTED AREA" MEANS AN AREA, OTHER THAN A SLUM AREA, WHERE SOUND
35 MUNICIPAL GROWTH AND THE PROVISION OF HOUSING ACCOMMODATIONS IS SUBSTANTIALLY
36 RETARDED OR ARRESTED IN A PREDOMINANCE OF THE PROPERTIES BY ANY OF THE
37 FOLLOWING:

38 (a) A DOMINANCE OF DEFECTIVE OR INADEQUATE STREET LAYOUT.

39 (b) FAULTY LOT LAYOUT IN RELATION TO SIZE, ADEQUACY, ACCESSIBILITY OR
40 USEFULNESS.

41 (c) UNSANITARY OR UNSAFE CONDITIONS.

42 (d) DETERIORATION OF SITE OR OTHER IMPROVEMENTS.

43 (e) DIVERSITY OF OWNERSHIP.

1 (f) TAX OR SPECIAL ASSESSMENT DELINQUENCY EXCEEDING THE FAIR VALUE OF
2 THE LAND.

3 (g) DEFECTIVE OR UNUSUAL CONDITIONS OF TITLE.

4 (h) IMPROPER OR OBSOLETE SUBDIVISION PLATTING.

5 (i) THE EXISTENCE OF CONDITIONS THAT ENDANGER LIFE OR PROPERTY BY FIRE
6 AND OTHER CAUSES.

7 ~~2.~~ 3. "Bonds" means any bonds, including refunding bonds, notes,
8 interim certificates, debentures or other obligations.

9 ~~3.~~ 4. "Clerk" means the clerk or other official of the municipality
10 who is the custodian of the official records of the municipality.

11 ~~4.~~ 5. "Commission" or "SLUM CLEARANCE AND redevelopment commission"
12 means an agency of a municipality created pursuant to section 36-1476.

13 ~~5.~~ 6. "Federal government" includes the United States or any agency
14 or instrumentality, corporate or otherwise, of the United States.

15 ~~6.~~ 7. "Local governing body" means the council or other legislative
16 body charged with governing the municipality.

17 ~~7.~~ 8. "Mayor" means the mayor of a municipality or other officer or
18 body having the duties customarily imposed upon the executive head of a
19 municipality.

20 ~~8.~~ 9. "Municipality" means any incorporated city or town in the
21 state.

22 ~~9.~~ 10. "Obligee" includes any bondholder, agents or trustees for any
23 bondholders, or lessor demising to the municipality property used in
24 connection with a redevelopment project, or any assignee or assignees of a
25 lessor's interest or any part thereof, and the federal government when it is
26 a party to any contract with the municipality.

27 ~~10.~~ 11. "Person" means any individual, firm, partnership, corporation,
28 company association, joint stock association or body politic, and includes
29 any trustee, receiver, assignee or other similar representative thereof.

30 ~~11.~~ 12. "Public body" means the state or any municipality, county,
31 village, board, commission, authority, district or any other subdivision or
32 public body of the state.

33 ~~12.~~ 13. "Real property" includes all lands, including improvements and
34 fixtures on the land, and property of any nature appurtenant to the land, or
35 used in connection with the land, and every estate, interest and right, legal
36 or equitable therein, including terms for years and liens by way of judgment,
37 mortgage or otherwise and the indebtedness secured by the liens.

38 ~~13.~~ 14. "Redeveloper" means any person, partnership or public or
39 private corporation or agency which enters or proposes to enter into a
40 redevelopment contract.

41 ~~14.~~ "Redevelopment area" means either of the following:

42 ~~(a) An area in which a majority of the structures are residential or~~
43 ~~an area in which there is a predominance of buildings or improvements,~~
44 ~~whether residential or nonresidential, and which, by reason of delapidation,~~
45 ~~deterioration, age or obsolescence, inadequate provision for ventilation,~~

1 ~~light, air, sanitation, open spaces, high density of population and~~
2 ~~overcrowding or the existence of conditions which endanger life or property~~
3 ~~by fire and other causes, or any combination of these factors, is conducive~~
4 ~~to ill health, transmission of disease, infant mortality, juvenile~~
5 ~~delinquency or crime, and is detrimental to the public health, safety, morals~~
6 ~~or welfare.~~

7 ~~(b) An area that because of the predominance of defective or~~
8 ~~inadequate street layout, faulty lot layout in relation to size, adequacy,~~
9 ~~accessibility or usefulness, unsanitary or unsafe conditions, deterioration~~
10 ~~of site or other improvements, diversity of ownership, tax or special~~
11 ~~assessment delinquency exceeding the fair value of the land, defective or~~
12 ~~unusual conditions of title, improper subdivision or obsolete platting or the~~
13 ~~existence of conditions which endanger life or property by fire and other~~
14 ~~causes, or any combination of these factors, substantially impairs or arrests~~
15 ~~the sound growth of a municipality, retards the provision of housing~~
16 ~~accommodations or constitutes an economic or social liability and is a menace~~
17 ~~to the public health, safety, morals or welfare in its present condition and~~
18 ~~use.~~

19 15. "Redevelopment contract" means a contract entered into between a
20 municipality and a redeveloper for the redevelopment of an area in conformity
21 with a redevelopment plan.

22 16. "Redevelopment plan" means a plan, other than a preliminary or
23 tentative plan, for the acquisition, clearance, reconstruction,
24 rehabilitation or future use of a redevelopment project area.

25 17. "Redevelopment project":

26 (a) Means any work or undertaking:

27 (a) (i) To acquire redevelopment SLUM OR BLIGHTED areas or portions
28 of these areas and lands, structures or improvements, the acquisition of
29 which is necessary or incidental to the proper clearance or redevelopment of
30 these areas or to the prevention of the spread or recurrence of slum
31 conditions or conditions of blight in the area.

32 (b) (ii) To clear any areas by demolition or removal of existing
33 buildings, structures, streets, utilities or other improvements thereon and
34 to install, construct, or reconstruct streets, utilities and site
35 improvements essential to the preparation of sites for uses in accordance
36 with a redevelopment plan.

37 (c) (iii) To sell, lease or otherwise make available land in areas
38 for residential, recreational, commercial, industrial or other use or for
39 public use or to retain land for public use, in accordance with a
40 redevelopment plan.

41 "Redevelopment project" also

42 (b) Includes the preparation of a redevelopment plan, the planning,
43 surveying and other work incident to a redevelopment project and the
44 preparation of all plans and arrangements for carrying out a redevelopment
45 project.

1 18. "SLUM AREA" MEANS AN AREA IN WHICH BOTH OF THE FOLLOWING ARE TRUE:

2 (a) THERE IS A PREDOMINANCE OF BUILDINGS OR IMPROVEMENTS, WHETHER
3 RESIDENTIAL OR NONRESIDENTIAL.

4 (b) THE PUBLIC HEALTH, SAFETY OR WELFARE IS THREATENED BECAUSE OF ANY
5 OF THE FOLLOWING:

6 (i) DILAPIDATED, DETERIORATED, AGING OR OBSOLESCE BUILDINGS OR
7 IMPROVEMENTS.

8 (ii) THE INADEQUATE PROVISION FOR VENTILATION, LIGHT, AIR, SANITATION
9 OR OPEN SPACES.

10 (iii) OVERCROWDING.

11 (iv) THE EXISTENCE OF CONDITIONS THAT ENDANGER LIFE OR PROPERTY BY
12 FIRE AND OTHER CAUSES.

13 Sec. 9. Section 36-1472, Arizona Revised Statutes, is amended to read:
14 36-1472. Legislative finding and declaration of necessity

15 It is declared:

16 1. That there exist in municipalities of the state redevelopment SLUM
17 OR BLIGHTED areas which constitute a serious and growing menace, injurious
18 and inimical to the public health, safety, morals and welfare of the
19 residents of the state.

20 2. That the existence of these areas contributes substantially and
21 increasingly to the spread of disease and crime, necessitating excessive and
22 disproportionate expenditures of public funds for the preservation of the
23 public health and safety, for crime prevention, correction, prosecution,
24 punishment and the treatment of juvenile delinquency and for the maintenance
25 of adequate police, fire and accident protection and other public services
26 and facilities, constitutes an economic and social liability, substantially
27 impairs or arrests the sound growth of municipalities and retards the
28 provision of housing accommodations.

29 3. That this menace is beyond remedy and control solely by regulatory
30 process in the exercise of the police power and cannot be dealt with
31 effectively by the ordinary operations of private enterprise without the aids
32 provided by this article.

33 4. That the acquisition of property for the purpose of
34 eliminating the conditions that qualify an area as a redevelopment area or
35 preventing recurrence of these conditions in the area, the removal of
36 structures and improvement of sites, the disposition of the property for
37 redevelopment and any assistance which may be given by any public body in
38 connection with these activities are public uses and purposes for which
39 public money may be expended and the power of eminent domain exercised.

40 5. That the necessity in the public interest for the provisions of
41 this article is declared as a matter of legislative determination.

1 Sec. 10. Section 36-1473, Arizona Revised Statutes, is amended to
2 read:

3 36-1473. Finding of necessity by local governing body

4 A. A municipality shall not exercise any of the powers conferred on
5 municipalities by this article until its local governing body adopts a
6 resolution BY A TWO-THIRDS VOTE finding both of the following:

7 1. One or more redevelopment SLUM OR BLIGHTED areas exist in the
8 municipality.

9 2. The redevelopment of that area or areas is necessary in the
10 interest of the public health, safety, morals or welfare of the residents of
11 the municipality.

12 B. A MUNICIPALITY MUST NOTIFY THE OWNER OF REAL PROPERTY THAT IS
13 WITHIN THE BOUNDARIES OF A PROPOSED REDEVELOPMENT AREA OF THE TIME, DATE AND
14 LOCATION OF A PUBLIC MEETING CONCERNING THE FINDINGS. THE MUNICIPALITY MUST
15 PROVIDE THIS NOTICE BY FIRST CLASS MAIL TO THE ADDRESS STATED ON THE MOST
16 RECENT RECORDS OF THE COUNTY ASSESSOR.

17 Sec. 11. Section 36-1474, Arizona Revised Statutes, is amended to
18 read:

19 36-1474. Powers of municipalities

20 A. Every municipality shall have all the powers necessary or
21 convenient to carry out and effectuate the purposes and provisions of this
22 article, including the following powers in addition to others granted by this
23 article:

24 1. To prepare or cause to be prepared redevelopment plans and to
25 undertake and carry out redevelopment projects within its area of operation.

26 2. To arrange or contract for the furnishing or repair, by any person
27 or agency, public or private, of services, privileges, works, streets, roads,
28 public utilities or other facilities for or in connection with a
29 redevelopment project, and anything to the contrary contained in this article
30 or any other provision of law notwithstanding, to agree to any conditions
31 that it deems reasonable and appropriate attached to federal financial
32 assistance and imposed pursuant to federal law relating to the determination
33 of prevailing salaries or wages or compliance with labor standards, in the
34 undertaking or carrying out of a redevelopment project, and to include in any
35 contract let in connection with a redevelopment project, provisions to
36 fulfill the conditions as it deems reasonable and appropriate.

37 3. Within its area of operation:

38 (a) To purchase, lease, obtain options upon, acquire by gift, grant,
39 bequest, devise, eminent domain or otherwise, any real or personal property
40 or any interest in the property, together with any improvements on the
41 property, necessary or incidental to a redevelopment project.

42 (b) To hold, improve, clear or prepare for redevelopment any such
43 property.

44 (c) To sell, lease, exchange, transfer, assign, subdivide, retain for
45 its own use, mortgage, pledge, hypothecate or otherwise encumber or dispose

1 of any real or personal property or any interest in the property in a
2 redevelopment project.

3 (d) To enter into contracts with redevelopers of property containing
4 covenants, restrictions and conditions regarding the use of the property for
5 residential, commercial, industrial, recreational or other purposes or for
6 public purposes in accordance with a redevelopment plan and the other
7 covenants, restrictions and conditions as the municipality deems necessary
8 to prevent a recurrence of conditions that qualify an area as a redevelopment
9 SLUM OR BLIGHTED area or to effectuate the purposes of this article. A
10 MUNICIPALITY MAY NOT EXERCISE THE POWER OF EMINENT DOMAIN UNLESS THE
11 MUNICIPALITY MAKES A SEPARATE DETERMINATION BY A TWO-THIRDS VOTE OF THE LOCAL
12 GOVERNING BODY THAT THE PROPERTY IS CRITICAL TO THE PROJECT AND THE EXISTING
13 USE OF THE PROPERTY IS NOT COMPATIBLE WITH THE PROPOSED USE AND CANNOT BE
14 INCORPORATED INTO OR EXCLUDED FROM THE PROPOSED REDEVELOPMENT PROJECT.

15 (e) To make any of the covenants, restrictions or conditions of the
16 foregoing contracts covenants running with the land and to provide
17 appropriate remedies for any breach of these covenants or conditions,
18 including the right in the municipality to terminate these contracts and any
19 interest in the property created pursuant thereto.

20 (f) To borrow money and issue bonds and provide security for loans or
21 bonds.

22 (g) To insure or provide for the insurance of any real or personal
23 property or operations of the municipality in a redevelopment project of the
24 municipality against any risks or hazards, including the power to pay
25 premiums on the insurance.

26 (h) To enter into any contracts necessary to effectuate the purposes
27 of this article.

28 No statutory provision with respect to the acquisition, clearance or
29 disposition of property by public bodies shall restrict a municipality in
30 these functions with respect to a redevelopment project, unless the
31 legislature specifically so states.

32 4. To invest any redevelopment project funds held in reserves or
33 sinking funds or any redevelopment project funds not required for immediate
34 disbursement, in property or securities in which savings banks may legally
35 invest funds subject to their control and to redeem the bonds which have been
36 issued pursuant to section 36-1481 at the redemption price established
37 therein or to purchase the bonds at less than redemption price, all bonds so
38 redeemed or purchased to be cancelled.

39 5. To borrow money and to apply for and accept advances, loans,
40 grants, contributions and any other form of financial assistance from the
41 federal government, the state, county or other public body or from any
42 sources, public or private, for the purposes of this article, to give such
43 security as may be required and to enter into and carry out contracts in
44 connection therewith. Notwithstanding any other law, a municipality may
45 include in any contract for financial assistance with the federal government

1 for a redevelopment project conditions imposed pursuant to federal law the
2 municipality deems reasonable and appropriate and which are not inconsistent
3 with the purposes of this article.

4 6. Within its area of operation, to make or have made all surveys,
5 appraisals, studies and plans, including the preparation of a general plan
6 for the development of the municipality, necessary to carry out the purposes
7 of this article and to contract or cooperate with any and all persons or
8 agencies, public or private, to make and to carry out the surveys,
9 appraisals, studies and plans.

10 7. To prepare plans and provide reasonable assistance for the
11 relocation of families displaced from a redevelopment project area to the
12 extent essential for acquiring possession of and clearing the area or parts
13 of the area to permit the carrying out of the redevelopment project.

14 8. To appropriate funds and make expenditures necessary to carry out
15 the purposes of this article and to make expenditures from funds obtained
16 from the federal government without regard to any other laws pertaining to
17 the making and approval of appropriations and expenditures.

18 9. To exercise all or any part or combination of powers granted by
19 this section.

20 B. A MUNICIPALITY MUST NOTIFY EACH OWNER OF REAL PROPERTY LOCATED
21 WITHIN THE BOUNDARIES OF A PROPOSED REDEVELOPMENT PROJECT AREA OF THE TIME,
22 DATE AND LOCATION OF A PUBLIC MEETING CONCERNING THE PROPOSED ADOPTION OF THE
23 REDEVELOPMENT PLAN IF THE MUNICIPALITY INTENDS TO ACQUIRE THAT OWNER'S
24 PROPERTY OR ANY INTEREST IN THAT PROPERTY. THE MUNICIPALITY MUST PROVIDE
25 THIS NOTICE BY FIRST CLASS MAIL TO THE ADDRESS STATED ON THE MOST RECENT
26 RECORDS OF THE COUNTY ASSESSOR.

27 C. THE DESIGNATION OF AN AREA AS A SLUM OR BLIGHTED AREA TERMINATES
28 TEN YEARS AFTER THIS DESIGNATION UNLESS SUBSTANTIAL ACTION HAS BEEN TAKEN TO
29 REMOVE THE SLUM OR BLIGHTED CONDITIONS. THE TERMINATION DOES NOT AFFECT
30 EXISTING PROJECTS AS DESCRIBED IN SECTION 35-701, PARAGRAPH 8, SUBDIVISION
31 (a), ITEM (xiv) THAT ARE WITHIN THAT DESIGNATED AREA.

32 Sec. 12. Section 36-1475, Arizona Revised Statutes, is amended to
33 read:

34 36-1475. Delegation of powers of municipalities

35 In undertaking redevelopment projects under this article, every
36 municipality may, by resolution of its governing body, MAY delegate to the
37 SLUM CLEARANCE AND redevelopment commission of the municipality, if any,
38 created by it pursuant to section 36-1476, as an agent of the municipality
39 any or all of the powers conferred upon municipalities by this article except
40 the power to borrow money, issue bonds, acquire and dispose of real property,
41 enter into contracts with the federal government or any public body, prepare
42 a general plan for the development of the municipality or approve
43 redevelopment plans.

1 Sec. 13. Section 36-1476, Arizona Revised Statutes, is amended to
2 read:

3 36-1476. Slum clearance and redevelopment commission

4 A. In addition to the other powers conferred by this article a
5 municipality by resolution of its governing body may create a SLUM CLEARANCE
6 AND redevelopment commission, which shall be an agent of the municipality for
7 the exercise of powers of the municipality under this article.

8 B. If the governing body of a municipality adopts a resolution as
9 described in subsection A of this section, the mayor, by and with the advice
10 and consent of the governing body, shall appoint a board of commissioners for
11 the SLUM CLEARANCE AND redevelopment commission, which shall consist of five
12 commissioners. Three of the commissioners first appointed pursuant to this
13 article shall be designated to serve for terms of one, two and three years
14 respectively and two commissioners shall be appointed for four years each,
15 from the date of their appointment. After the initial appointment of
16 commissioners, members of the commission shall be appointed for a term of
17 office of four years, except that all vacancies shall be filled for the
18 unexpired term.

19 C. A commissioner is not eligible to receive compensation but is
20 eligible to receive reimbursement of expenses. Each commissioner shall hold
21 office until a successor has been appointed and has qualified. A certificate
22 of the appointment or reappointment of any commissioner shall be filed with
23 the clerk of the municipality and is conclusive evidence of the due and
24 proper appointment.

25 D. The powers delegated by a municipality to a SLUM CLEARANCE AND
26 redevelopment commission shall be exercised by the commissioners. A majority
27 of the commissioners constitutes a quorum for the purpose of conducting
28 business and exercising the powers of the commission and for all other
29 purposes. Action may be taken by the commission upon a vote of a majority
30 of the commissioners present. Any person may be appointed as a commissioner
31 if the person resides within the area of operation of the commission and is
32 otherwise eligible under this article.

33 E. The mayor shall designate a chairman and vice-chairman from among
34 the commissioners. A commission may be authorized by the local governing
35 body to employ an executive director, technical experts and other officers,
36 agents and employees, permanent and temporary, as it requires and to
37 determine their qualifications, duties and compensation. For legal services
38 a commission may, with approval of the mayor, call upon the chief law officer
39 of the municipality or it may be authorized by the local governing body to
40 employ its own counsel and legal staff. A commission shall file a report of
41 its activities with the local governing body periodically as the local
42 governing body requires, but at least once a year, and shall make
43 recommendations regarding additional legislation or other action that may be
44 necessary to enable it to carry out the purposes of this article.

1 F. For inefficiency or neglect of duty or misconduct in office, a
2 commissioner may be removed by the mayor, but a commissioner shall be removed
3 only after a hearing and after the commissioner has been given a copy of the
4 charges at least ten days prior to the hearing and had an opportunity to be
5 heard in person or by counsel.

6 Sec. 14. Section 36-1477, Arizona Revised Statutes, is amended to
7 read:

8 36-1477. Interest of public officials, commissioners or
9 employees in project prohibited

10 A. A public official of a municipality, commissioner or employee of
11 a housing authority or SLUM CLEARANCE AND redevelopment commission to which
12 the powers of a municipality have been delegated pursuant to this article,
13 shall not voluntarily acquire any interest, direct or indirect, in a
14 redevelopment project or in any property included or planned to be included
15 in a redevelopment project of the municipality or in any contract or proposed
16 contract in connection with a redevelopment project. If an acquisition is
17 not voluntary, the interest acquired shall be immediately disclosed in
18 writing to the local governing body and the disclosure shall be entered upon
19 the minutes of the governing body.

20 B. If any official, commissioner or employee presently owns or
21 controls, or owned or controlled within the preceding two years, any
22 interest, direct or indirect, in any property which the person knows is
23 included or planned by the municipality to be included in any redevelopment
24 project, the person shall immediately disclose this fact in writing to the
25 local governing body, and this disclosure shall be entered upon the minutes
26 of the governing body. The person shall not participate in any action by the
27 municipality, housing authority or commission affecting the property. Any
28 violation of this section shall constitute misconduct in office.

29 Sec. 15. Section 36-1478, Arizona Revised Statutes, is amended to
30 read:

31 36-1478. Eminent domain

32 A. A municipality may acquire by condemnation any interest in real
33 property, including a fee simple title thereto TO THAT REAL PROPERTY, which
34 THAT it deems necessary for or in connection with a redevelopment project
35 under this article, after the adoption by the local governing body of a
36 resolution declaring that the acquisition of the real property described
37 therein IN THAT RESOLUTION is necessary for such THOSE purposes.

38 B. BEFORE A MUNICIPALITY MAY INITIATE A CONDEMNATION ACTION IT MUST
39 MAKE A GOOD FAITH EFFORT TO NEGOTIATE THE PURCHASE OF THE PROPERTY. IF THE
40 MUNICIPALITY DETERMINES THAT IT CANNOT ACQUIRE THE PROPERTY WITHOUT THE USE
41 OF A CONDEMNATION ACTION IT MUST NOTIFY THE PROPERTY OWNER OF THE TIME, DATE
42 AND LOCATION OF THE PUBLIC MEETING CONCERNING THE MUNICIPALITY'S PROPOSED
43 ACTION. THE MUNICIPALITY MUST PROVIDE THIS NOTICE BY CERTIFIED MAIL TO THE
44 PROPERTY OWNER'S ADDRESS AS STATED ON THE MOST RECENT RECORDS OF THE COUNTY
45 ASSESSOR.

1 C. THE GOVERNING BODY OF A MUNICIPALITY MUST AUTHORIZE THE
2 CONDEMNATION OF REAL PROPERTY BY A VOTE OF AT LEAST TWO-THIRDS OF ITS
3 MEMBERS.

4 D. A municipality may exercise the power of eminent domain in the
5 manner provided in articles 2 or 3 of chapter 8, title 12, or in the manner
6 provided by any other applicable statutory provisions for the exercise of the
7 power of eminent domain.

8 ~~B.~~ E. Property already devoted to a public use may be acquired in
9 like manner, but no real property belonging to the THIS state or any
10 political subdivision thereof may OF THIS STATE SHALL NOT be acquired without
11 its consent.

12 Sec. 16. Section 36-1479, Arizona Revised Statutes, is amended to
13 read:

14 36-1479. Preparation and approval of redevelopment plans

15 A. A municipality shall not prepare a redevelopment plan for a
16 redevelopment project area unless the local governing body has, by
17 resolution, HAS declared the area to be a SLUM OR BLIGHTED AREA IN NEED OF
18 redevelopment area. The local governing body shall not consider a
19 redevelopment plan for approval until a general plan for the development of
20 the municipality has been prepared. A municipality shall not acquire real
21 property for a redevelopment project unless the local governing body has
22 approved the redevelopment plan, as prescribed in subsection F.

23 B. The municipality may itself prepare or cause to be prepared a
24 redevelopment plan or any person or agency, public or private, may submit a
25 plan to a municipality. A redevelopment plan shall be sufficiently complete
26 to indicate its relationship to definite local objectives as to appropriate
27 land uses, improved traffic, public transportation, public utilities,
28 recreational and community facilities and other public improvements and the
29 proposed land uses and building requirements in the redevelopment project
30 area. The plan shall include, at a minimum:

31 1. A statement of the boundaries of the redevelopment project area.

32 2. A map showing the existing uses and conditions of the real
33 property within the redevelopment project area.

34 3. A land use plan showing proposed uses of the real property within
35 the redevelopment project area.

36 4. Information showing the standards of population densities, land
37 coverage and building intensities in the area after redevelopment.

38 5. A statement of the proposed changes, if any, in zoning ordinances
39 or maps, street layouts, street levels or grades, building codes and
40 ordinances.

41 6. A statement as to the kind and number of site improvements and
42 additional public utilities which will be required to support the new land
43 uses in the area after redevelopment.

44 7. A statement of the proposed method and estimated cost of the
45 acquisition and preparation for redevelopment of the redevelopment project

1 area and the estimated proceeds or revenues from its disposal to
2 redevelopers.

3 8. A statement of the proposed method of financing the redevelopment
4 project.

5 9. A statement of a feasible method proposed for the relocation of
6 families to be displaced from the redevelopment project area.

7 C. The land uses and building requirements proposed in a redevelopment
8 plan shall be designed with the general purpose of accomplishing, in
9 conformance with the general plan, a coordinated, adjusted and harmonious
10 development of the municipality and its environs which will, in accordance
11 with present and future needs, promote health, safety, morals, order,
12 convenience, prosperity and the general welfare, as well as efficiency and
13 economy in the process of development, and including, among other things,
14 adequate provision for traffic, vehicular parking, the promotion of safety
15 from fire, panic and other dangers, adequate provision for light and air, the
16 promotion of the healthful and convenient distribution of population, the
17 provision of adequate transportation, water, sewerage and other public
18 utilities, schools, parks, recreational and community facilities and other
19 public requirements, the promotion of sound design and arrangement, the wise
20 and efficient expenditure of public funds, the prevention of the recurrence
21 of SLUM conditions ~~that qualify an area as a redevelopment area~~ OR CONDITIONS
22 OF BLIGHT and the provision of adequate, safe and sanitary dwelling
23 accommodations.

24 D. Prior to its approval of a redevelopment plan, the local governing
25 body shall submit a redevelopment plan to the planning commission of the
26 municipality, if any, for review and recommendations as to its conformity
27 with the general plan for the development of the municipality as a
28 whole. The planning commission shall submit its written recommendations with
29 respect to the proposed redevelopment plan to the local governing body within
30 thirty days after receipt of the plan for review. Upon receipt of the
31 recommendations of the planning commission or, if no recommendations are
32 received within thirty days, the local governing body may proceed with the
33 hearing on the proposed redevelopment plan prescribed by subsection E.

34 E. The local governing body shall hold a public hearing on any
35 redevelopment plan or substantial modification to a redevelopment PLAN being
36 considered for approval. A MUNICIPALITY MUST NOTIFY EACH OWNER OF REAL
37 PROPERTY LOCATED WITHIN THE BOUNDARIES OF A PROPOSED REDEVELOPMENT PLAN AREA
38 OF THE TIME, DATE AND LOCATION OF A PUBLIC MEETING CONCERNING THE PROPOSED
39 ADOPTION OF THE REDEVELOPMENT PLAN. THE MUNICIPALITY MUST PROVIDE THIS
40 NOTICE BY FIRST CLASS MAIL TO THE ADDRESS STATED ON THE MOST RECENT RECORDS
41 OF THE COUNTY ASSESSOR. The local governing body shall publish a public
42 notice in a newspaper with a general circulation in the area of operation,
43 once each week for two consecutive weeks, the last publication to be at least
44 ten days prior to the date set for hearing. The notice shall describe the
45 time, place and purpose of the hearing and shall also generally identify the

1 area to be redeveloped under the plan. All interested parties shall be
2 afforded a reasonable opportunity to express their views respecting the
3 proposed redevelopment plan at the hearing.

4 F. APPROVAL OF A REDEVELOPMENT PLAN REQUIRES A TWO-THIRDS VOTE OF THE
5 LOCAL GOVERNING BODY.

6 ~~F.~~ G. Following the hearing, the local governing body may approve a
7 redevelopment plan if it finds that the plan is feasible and in conformity
8 with the general plan for the development of the municipality as a whole, but
9 if the redevelopment project area is ~~to be redeveloped predominantly for~~
10 ~~residential purposes~~ A BLIGHTED AREA, the local governing body must also find
11 that:

12 1. A shortage of housing of sound standards and design, adequate for
13 family life, exists in the municipality.

14 2. The need for housing accommodations has been or will be increased
15 as a result of the clearance of slums in other areas under redevelopment.

16 3. The conditions of blight in the area and the shortage of decent,
17 safe and sanitary housing cause or contribute to an increase in and spread
18 of disease and crime and constitute a menace to the public health, safety,
19 morals or welfare.

20 4. That The development of the area for predominately residential uses
21 is an integral part of and essential to the program of the municipality for
22 the redevelopment of the ELIMINATION OF THE SLUM OR BLIGHTED area.

23 ~~G.~~ H. A redevelopment plan may be modified at any time, but if
24 modified after the lease or sale of real property in the redevelopment
25 project area, the modification shall be consented to by the redeveloper or
26 redevelopers of real property or a successor or their successors in interest
27 affected by the proposed modification. Any proposed modification which will
28 substantially change the redevelopment plan as previously approved by the
29 local governing body shall be considered a new plan and shall be subject to
30 all the requirements of this section before it may be approved.

31 Sec. 17. Section 36-1480, Arizona Revised Statutes, is amended to
32 read:

33 36-1480. Disposal of property in redevelopment project area

34 A. A municipality may sell, lease, exchange or otherwise transfer real
35 property or any interest in the property in a redevelopment project area to
36 any redeveloper for residential, recreational, commercial, industrial or
37 other uses or for public use in accordance with the redevelopment plan,
38 subject to covenants, conditions and restrictions as it deems to be in the
39 public interest or to carry out the purposes of this article. The sale,
40 lease, exchange or other transfer, and any related agreement may be made only
41 after, or subject to, the approval of the redevelopment plan by the local
42 governing body. Real property shall be sold, leased or transferred at its
43 fair value for uses in accordance with the redevelopment plan even though the
44 fair value may be less than the cost of acquiring and preparing the property
45 for redevelopment. In determining the fair value of real property for uses

1 in accordance with the redevelopment plan, a municipality shall take into
2 account and give consideration to the uses and purposes required by the plan,
3 the restrictions upon, and the covenants, conditions and obligations assumed
4 by the redeveloper of the property, the objectives of the redevelopment plan
5 for the prevention of the redevelopment RECURRENCE OF SLUM OR BLIGHTED areas,
6 and other matters the municipality specifies as being appropriate.

7 B. Sale, lease, exchange or other transfer of real property or any
8 interest of the property shall not be made until after public advertising for
9 bids have HAS been made for at least thirty days in a newspaper of general
10 circulation within the municipality and the posting of notices in three or
11 more public places within the municipality. If there is no newspaper within
12 the corporate limits of the municipality, the municipality shall post in
13 three or more public places within the municipality, notices for bidders for
14 the property proposed to be sold.

15 C. Prior to the consideration of any redevelopment contract proposal,
16 the municipality shall publish the notice at least once a week for two
17 consecutive weeks in a newspaper having a general circulation in the area of
18 operation, invite proposals from and make all pertinent information available
19 to, private redevelopers or any persons interested in carrying out the
20 redevelopment of an A SLUM OR BLIGHTED area, or any part of an A SLUM OR
21 BLIGHTED area, which the local governing body has declared to be in need of
22 redevelopment. The notice shall identify the SLUM OR BLIGHTED area, and
23 shall state where any further information available may be obtained. The
24 municipality shall consider all redevelopment proposals and the financial,
25 technical and legal ability of the prospective redevelopers to carry out
26 their proposals and may negotiate with any redevelopers for proposals for the
27 purchase or lease of any real property in the redevelopment project
28 area. The municipality, with the approval of the local governing body, may
29 accept redevelopment contract proposals it deems to be in the public interest
30 and in furtherance of the purposes of this article and may execute the
31 redevelopment contracts in accordance with the provisions of subsection A and
32 deliver deeds, leases and other instruments and take all steps necessary to
33 effectuate the redevelopment contracts. In its discretion, the municipality
34 may, without regard to the provisions of this subsection, dispose of real
35 property in a redevelopment project area to private redevelopers for
36 redevelopment under the reasonable competitive bidding procedures as it
37 prescribes, subject to the provisions of subsection A.

38 D. A municipality may temporarily operate and maintain real property
39 in a redevelopment project area pending the disposition of the property for
40 redevelopment, without regard to the provisions of subsections A, B and C,
41 for uses and purposes deemed desirable even though not in conformity with the
42 redevelopment plan. If the real property is not disposed of for
43 redevelopment within one year, the municipality shall, immediately upon
44 expiration of the one year period, SHALL remove or demolish all buildings
45 thereon.

1 Sec. 18. Section 42-6203, Arizona Revised Statutes, is amended to
2 read:

3 42-6203. Rates of tax

4 A. Except as otherwise provided in this section, the tax authorized
5 by this article shall be levied and collected at the following rates:

6 1. One dollar per square foot of gross building space for office
7 buildings with one floor above ground.

8 2. One dollar twenty-five cents per square foot of gross building
9 space for office buildings with more than one but fewer than eight floors
10 above ground.

11 3. One dollar seventy-five cents per square foot of gross building
12 space for office buildings with eight floors or more above ground.

13 4. One dollar fifty cents per square foot of retail building space,
14 including space that is devoted to the sale of tangible personal property,
15 restaurants, health clubs, hair salons, dry cleaners, travel agencies and
16 other retail services.

17 5. One dollar fifty cents per square foot of hotel or motel building
18 space.

19 6. Seventy-five cents per square foot of warehouse or industrial
20 building space.

21 7. Fifty cents per square foot of residential rental building space.

22 8. One hundred dollars per parking space located in a parking garage
23 or deck.

24 9. One dollar per square foot of all other government property
25 improvements not included in paragraphs 1 through 8 of this subsection.

26 B. The tax rate for government property improvements for which the
27 original certificate of occupancy was issued:

28 1. At least ten years but less than twenty years before the date the
29 tax is due is eighty per cent of the rate provided in subsection A of this
30 section.

31 2. At least twenty years but less than thirty years before the date
32 the tax is due is sixty per cent of the rate provided in subsection A of this
33 section.

34 3. At least thirty but less than forty years before the date the tax
35 is due is forty per cent of the rate provided in subsection A of this
36 section.

37 4. At least forty but less than fifty years before the date the tax
38 is due is twenty per cent of the rate provided in subsection A of this
39 section.

40 5. Fifty or more years before the date the tax is due is zero.

41 C. If no certificate of occupancy can be located, dated aerial
42 photographs or other evidence of substantial completion may be used to
43 determine the age of the building for purposes of subsection B of this
44 section.

1 D. The tax rate for a government property improvement that was
2 constructed pursuant to a lease or development agreement entered into from
3 and after June 30, 1996 and that is located outside a redevelopment SLUM OR
4 BLIGHTED area established pursuant to title 36, chapter 12, article 3 is one
5 and one-half times the rate established by subsections A and B of this
6 section.

7 E. Within the first twenty years after the issuance of the original
8 certificate of occupancy, the tax rate on the use or occupancy of a
9 government property improvement is twenty per cent of the rate established
10 in subsections A and B of this section for any of the following:

11 1. Government property improvements that are subject to leases or
12 agreements that were entered into before April 1, 1985, and options and
13 rights contained in the leases or agreements.

14 2. Government property improvements that are subject to leases entered
15 into based on a redevelopment contract, as defined in section 36-1471,
16 entered into before April 1, 1985.

17 3. Government property improvements that are subject to leases entered
18 into based on an agreement for a redevelopment project for which federal
19 grant monies have been received and that was entered into before April 1,
20 1985.

21 4. Government property improvements that are located at an airport
22 that was owned on or before January 1, 1988 by a county having a population
23 of four hundred thousand persons or less or by a city or town that is located
24 in a county having a population of four hundred thousand persons or less if
25 the property is used primarily for manufacturing, retail, distribution,
26 research or commercial purposes. In this paragraph, "commercial" includes
27 facilities for office, recreational, hotel, motel and service uses.

28 F. Within the first ten years after the issuance of the certificate
29 of occupancy, the tax rate on the use or occupancy of a government property
30 improvement that is located in a redevelopment SLUM OR BLIGHTED area
31 established pursuant to title 36, chapter 12, article 3, resulted or will
32 result in an increase in property value of at least one hundred per cent and
33 is not eligible for abatement pursuant to section 42-6209 is eighty per cent
34 of the rate established in subsections A and B of this section.

35 G. The tax rate to be applied under subsection A of this section shall
36 be determined by the predominant use to which the government property
37 improvement is devoted, except that in all cases the tax rate prescribed by
38 subsection A, paragraph 8 of this section shall be applied to any parking
39 garage or deck. If there is no single predominant use, the tax shall be
40 determined by applying the appropriate tax rate to the building space devoted
41 to each use identified in that subsection. For the purposes of this
42 subsection, the functional area of a government property improvement does not
43 include subsidiary, auxiliary or servient areas such as lobbies, stairwells,
44 mechanical rooms and meeting and banquet rooms. For purposes of this

1 subsection, "predominant use" means the use to which eighty-five per cent or
2 more of the functional area of a government property improvement is devoted.

3 H. Prime lessees of government property improvements who become
4 taxable or whose taxable status terminates during the calendar year in which
5 the taxes are due, including prime lessees subject to exemption or abatement
6 under sections 42-6208 and 42-6209, shall pay tax for that calendar year on
7 a pro rata basis.

8 Sec. 19. Section 42-6209, Arizona Revised Statutes, is amended to
9 read:

10 42-6209. Abatement of tax for government property improvements
11 in single central business district

12 A. A government lessor shall abate the tax provided for under
13 this article for a limited period beginning when the certificate of
14 occupancy is issued and ending eight years after the certificate of occupancy
15 is issued on a government property improvement that is constructed either
16 before or after July 20, 1996 and that meets the following requirements:

17 1. The improvement is located in a single central business district
18 in a redevelopment SLUM OR BLIGHTED area that is established pursuant to
19 title 36, chapter 12, article 3 and is subject to a lease or development
20 agreement entered into on or after April 1, 1985.

21 2. The government property improvement resulted or will result in an
22 increase in property value of at least one hundred per cent.

23 B. Unless waived by the government lessor, the prime lessee shall
24 apply for the abatement before the taxes under this article are due and
25 payable in the first year after the certificate of occupancy is issued. The
26 prime lessee shall notify the government lessor if the government property
27 improvement no longer qualifies for abatement under this section.

28 Sec. 20. Section 48-571, Arizona Revised Statutes, is amended to read:

29 48-571. Definitions; appointment of officer

30 A. In this article and article 1 of this chapter, unless the context
31 otherwise requires:

32 1. "Assessment" or "assessment roll" means a special assessment made
33 under the provisions of this article.

34 2. "Block" means any parcel of ground, whether regular or irregular,
35 which is bounded by streets, or by one or more streets and by one or more
36 boundary lines of the city or town.

37 3. "Clerk" includes any person or official who performs the duties of
38 clerk of the city or town.

39 4. "Contractor" includes his THE CONTRACTOR'S personal representative
40 or assignee.

41 5. "Council" or "governing body" includes and means the body or board
42 which by law is constituted the legislative department of an incorporated
43 city or town.

44 6. "Delinquency" means delinquency in the payment of an assessment
45 made under the provisions of this article.

1 7. "Designated area" means an area of the municipality which is either
2 designated pursuant to section 36-1479 as a redevelopment SLUM OR BLIGHTED
3 area or designated as a pocket of poverty or a neighborhood strategy area by
4 the United States department of housing and urban development, pursuant to
5 title I of the housing and community development act of 1977 as amended (42
6 United States Code SECTIONS 5301 through 5320) and the department of housing
7 and urban development act (42 United States Code SECTION 3535(d)).

8 8. "Engineer" includes any person who, under whatever official name,
9 is the civil engineer or surveyor of the city or town, and where there is no
10 elected or appointed official, then the engineer is the person who may be
11 appointed or employed by the council to perform the duties required of an
12 engineer under the provisions of this article.

13 9. "Improvement bond" means a bond issue under the provisions of this
14 article.

15 10. "Lighting plants" includes electric light plants, electric power
16 plants, gas plants, distribution systems, poles, parts, pipes, conduits,
17 wires, tanks, reservoirs, generators for gas or electricity, transmission
18 lines, towers, lamps, transformers of every character, machinery, apparatus,
19 equipment and all appliances and structures necessary or incidental to the
20 construction, installation or operation of a complete municipal electric
21 light, power and gas plant and distribution system, placed on the streets
22 improved, though extended beyond.

23 11. "Lot" includes any portion, piece, parcel or subdivision of land,
24 and includes property owned or controlled by any person as a railroad
25 right-of-way.

26 12. "Mayor" includes the chairman or president of the governing body.

27 13. "Municipality" or "city" includes incorporated cities and towns.

28 14. "Owner" means the person in whom, on the day the action or
29 proceeding is commenced, appears the legal title to the lot by deed recorded
30 in the recorder's office, or the person in possession of the lot under claim
31 of title, or exercising acts of ownership over the lot for himself THE
32 PERSON, or as the personal representative of the owner.

33 15. "Railroad" includes street railroad and interurban railroad.

34 16. "Sewers" includes tunnels, excavations, ditches, drains, conduits,
35 channels, outlets, outfalls, cesspools, manholes, catch basins, flush tanks,
36 septic tanks, connecting sewers of every character, machinery, apparatus,
37 equipment and all appliances and structures necessary or incidental to the
38 construction, installation or operation of a complete sewer system, for
39 either sanitary or drainage purposes.

40 17. "Street" includes avenues, alleys, highways, lanes, crossings,
41 intersections, courts, places and grounds now open or dedicated or hereafter
42 opened or dedicated to public use, and public ways.

43 18. "Street superintendent" or "superintendent" includes any person
44 who, under whatever official name, is charged with the care or supervision
45 of the streets of the city or town.

1 19. "Time of delinquency" means the time fixed when assessments become
2 delinquent.

3 20. "Treasurer" includes any person who, under whatever official name,
4 is the custodian of the funds of the city or town.

5 21. "Waterworks" includes pipes, hydrants, reservoirs, wells, pumps,
6 pumping plants, conduits, settling basins, filtering plants of every
7 character, machinery, apparatus, equipment and all appliances and structures
8 necessary or incidental to the construction, installation or operation of a
9 complete municipal waterworks system, for fire protection, or for domestic
10 irrigation, mechanical or power purposes, placed on the streets improved,
11 though extended beyond.

12 22. "Work" or "improvement" includes any or all of the improvements
13 mentioned and authorized to be made in this and article 1 of this chapter and
14 the construction, reconstruction and repair of all or any portion of the
15 improvements, and all labor, services, incidental expenses and material
16 necessary or incidental to the construction, reconstruction or repair.

17 B. In any city or town having no officer in this article designated,
18 or performing like duties, the governing body may appoint a suitable person
19 to discharge the duties.

20 Sec. 21. Section 48-574, Arizona Revised Statutes, is amended to read:

21 48-574. Improvement districts for operation, maintenance,
22 repair and improvement of pedestrian malls,
23 off-street parking facilities and parkings and
24 parkways

25 A. In addition to the purposes for which an improvement district may
26 be formed under the provisions of section 48-572, an improvement district may
27 be formed for the sole purpose of the operation, maintenance, repair and
28 improvements of pedestrian malls, off-street parking facilities, and parkings
29 and parkways.

30 B. Subject to the powers granted and the limitations contained in this
31 section, the powers and duties of the governing body of the municipality and
32 the procedure to be followed shall be as provided in this article for other
33 types of special improvement districts.

34 C. If a petition for the formation of an improvement district under
35 the provisions of this section is presented to the governing body purporting
36 to be signed by all of the real property owners in the proposed district,
37 exclusive of mortgagees and other lienholders, the governing body, after
38 verifying the property ownership and making a finding of that fact, shall
39 adopt a resolution of intention to order the improvement pursuant to the
40 provisions of section 48-576 and shall have immediate jurisdiction to adopt
41 the resolution ordering the improvement pursuant to the provisions of section
42 48-581, without the necessity of the publication and posting of the
43 resolution of intention provided for in section 48-578.

1 D. The governing body shall make annual statements and estimates of
2 the expenses of the district, which shall be provided for either:

3 1. By the levy and collection of ad valorem taxes upon the assessed
4 value of all the real and personal property in the district.

5 2. By assessment of the total sum upon the several lots, each
6 respectively in proportion to the benefits to be received by each lot.

7 E. If the expenses of the district are provided for by ad valorem
8 taxes, the governing body shall publish notice, have hearings and adopt the
9 taxes at the times and in the manners provided for incorporated cities and
10 towns by the applicable portions of title 42, chapter 17, article 3. The
11 governing body, on or before the third Monday in August of each year, shall
12 fix, levy and assess the amount to be raised by ad valorem taxes upon all of
13 the property of the district. If the expenses of the district are assessed
14 upon the several lots in proportion to the benefits received by each lot,
15 then the governing body shall follow the procedures established in section
16 48-575 for the assessment and collection of the assessments. All statutes
17 providing for the levy and collection of general county taxes, including the
18 collection of delinquent taxes and sale of property for nonpayment of taxes,
19 shall be applicable to the district taxes provided for under this section.

20 F. An improvement district formed under the provisions of this section
21 shall not be authorized to issue improvement bonds.

22 G. No improvement district formed under the provisions of this section
23 shall be authorized to engage in any activity other than as provided in
24 subsection A of this section. If the municipality is willing to participate
25 in the cost of the district, the governing body may, by resolution, summarily
26 order such participation.

27 H. The formation of an improvement district under the provisions of
28 this section shall not prevent the subsequent establishment of improvement
29 districts for any other purpose authorized by law.

30 I. If, in the opinion of the governing body, any portion of the
31 territory of a district formed under this section is no longer benefited by
32 being a part of the district, the governing body may, by resolution,
33 summarily delete from the district formed under this section any area and may
34 form a new district from the balance of the original district formed under
35 this section.

36 J. If, in the opinion of the governing body, territory adjacent to a
37 district formed under this section would benefit from being a part of the
38 district, the governing body, by resolution, may include the territory in the
39 district formed under this section if the following conditions are met:

40 1. Improvements that meet the standards and specifications established
41 by the governing body have been constructed in the territory and will be used
42 for the purposes of the district.

43 2. Any required public dedications of property have been made or will
44 be made before the inclusion of the territory in the district.

1 3. Including the territory in the district will not adversely affect
2 the district.

3 4. Notice of the proposed inclusion of the territory in the district
4 has been published in five consecutive issues of a daily newspaper or two
5 consecutive issues of a weekly or semiweekly newspaper of general circulation
6 published in the municipality and a public hearing has been held to consider
7 the inclusion of the territory in the district.

8 5. Notice has been sent by first class mail at least ten days prior
9 to the hearing specified in paragraph 4 of this subsection with an accurate
10 map of the territory proposed for inclusion in the district to each owner of
11 real and personal property within the district and in the proposed area of
12 inclusion as shown on the first STATEMENT furnished pursuant to subsection K
13 of this section that is now or would be subject to taxation by the district
14 in the event of inclusion of the proposed area.

15 K. The county assessor and the department of revenue, respectively,
16 shall furnish to the district within thirty days after a request a statement
17 in writing showing the name and the address of each owner of real and
18 personal property within the district and in the proposed area of inclusion
19 that is now or that would be subject to taxation by the district in the event
20 of inclusion of the proposed area.

21 L. Within ten days after the governing body adopts a resolution
22 pursuant to subsection J of this section, the municipality shall record the
23 resolution in the office of the county recorder in the county in which the
24 district is located to give notice of the inclusion of the territory in the
25 district to all property owners in the district. If, before the governing
26 body adopts the resolution pursuant to subsection J of this section, a
27 majority of the property owners, by area, of either the original district
28 formed under this section or the territory proposed to be included in the
29 district files with the governing board written objections to the proposed
30 inclusion of the territory, the territory shall not be included in the
31 district.

32 M. Within ten days after adoption of the resolution of intention to
33 order the improvement pursuant to section 48-576, the municipality shall
34 record the resolution in the office of the county recorder in the county in
35 which the district is located to give notice of formation of the district to
36 all property owners within the district.

37 N. For the purposes of this subsection, a property owner is an owner
38 of real property, exclusive of mortgagees and other lienholders, that is
39 within an improvement district that was formed as prescribed by this section.
40 A property owner may petition the governing body to dissolve the district
41 pursuant to the following procedures:

42 1. A property owner shall file with the clerk of the governing body
43 in which the district is located a written notice of the property owner's
44 intent to circulate a petition to dissolve the district. The notice shall
45 include the name, address, and phone TELEPHONE number of at least one

1 property owner living within the district who intends to circulate the
2 petition, the name, location and general purpose of the district which is to
3 be dissolved and a true and concise statement of two hundred words or less
4 explaining the advantages of dissolving the district. A petition shall not
5 be circulated for thirty days after the property owner files with the
6 governing body the notice of intent to circulate a dissolution petition.

7 2. The governing body may provide a form of petition to be used to
8 dissolve the district. Any petition shall include the statement provided in
9 the notice of intent to circulate a petition regarding the advantages of
10 dissolving the district.

11 3. The governing body may provide a true and concise written statement
12 of two hundred words or less regarding the petition or dissolution of the
13 district. If so provided, the property owner must circulate this statement
14 affixed to the petition.

15 4. Property owners shall submit to the clerk of the governing body a
16 petition for the dissolution of an improvement district formed under this
17 section that purports to be signed by greater MORE than fifty per cent of the
18 property owners in the district.

19 5. Within twenty days of receipt of the signed petition, the governing
20 body shall verify that the petition is signed by greater MORE than fifty per
21 cent of the property owners as set forth in paragraph 4 of this subsection.

22 6. If the governing body finds the petition contains valid signatures
23 of more than fifty per cent of the property owners, the governing body shall
24 set the date for dissolution of the district within ninety days. The
25 district may continue to operate after dissolution only as needed to collect
26 money and make payments on any outstanding district obligations.

27 7. Each property in the district with outstanding assessments or liens
28 attached shall remain subject to those assessments or liens for payment of
29 the existing obligations of the district, notwithstanding dissolution of the
30 district.

31 8. If a district formed under this section subsequently dissolves as
32 prescribed in this subsection, the governing body may not attempt to form any
33 district for the same purpose for at least two years after the date the
34 district is dissolved if the proposed district includes lands formerly
35 located within the dissolved district.

36 0. Districts that are located in redevelopment SLUM OR BLIGHTED areas
37 as defined in section 36-1471 are exempt from subsection N of this section.

38 Sec. 22. Section 48-709, Arizona Revised Statutes, is amended to read:
39 48-709. Powers of a community facilities district

40 A. In addition to the powers otherwise granted to a district pursuant
41 to this article, a district may to further the general plan:

42 1. Enter into contracts and expend monies for any public
43 infrastructure purpose with respect to the district.

- 1 2. Enter into intergovernmental agreements as prescribed in title 11,
2 chapter 7, article 3 for the planning, design, inspection, ownership,
3 control, maintenance, operation or repair of public infrastructure or the
4 provision of enhanced municipal services by the municipality in the district.
- 5 3. Sell, lease or otherwise dispose of district property if the sale,
6 lease or conveyance is not a violation of the terms of any contract or bond
7 resolution of the district.
- 8 4. Reimburse the municipality for providing enhanced municipal
9 services in the district.
- 10 5. Operate, maintain and repair public infrastructure.
- 11 6. Establish, charge and collect user fees, rates or charges for the
12 use of any public infrastructure or service.
- 13 7. Employ staff, counsel and consultants.
- 14 8. Reimburse the municipality or county for staff and consultant
15 services and support facilities supplied by the municipality or county.
- 16 9. Accept gifts or grants and incur and repay loans for any public
17 infrastructure purpose.
- 18 10. Enter into agreements with landowners and the municipality or
19 county for the collection of fees and charges from landowners for public
20 infrastructure purposes, the advance of monies by landowners for public
21 infrastructure purposes or the granting of real property by the landowner for
22 public infrastructure purposes.
- 23 11. By resolution, levy and assess the costs of any public
24 infrastructure purpose on any land benefited in the district.
- 25 12. Pay the financial, legal and administrative costs of the district.
- 26 13. Enter into contracts, agreements and trust indentures to obtain
27 credit enhancement or liquidity support for its bonds and process the
28 issuance, registration, transfer and payment of its bonds and the
29 disbursement and investment of proceeds of the bonds.
- 30 14. With the consent of the governing body of the municipality or
31 county which formed the district, enter into agreements with persons outside
32 of the district to provide services to persons and property outside of the
33 district.
- 34 15. Use public easements and rights-of-way in or across public
35 property, roadways, highways, streets or other thoroughfares and other public
36 easements and rights-of-way, whether in or out of the geographical limits of
37 the district, the municipality or the county.
- 38 B. This article does not authorize:
39 1. A district to acquire, construct, operate or maintain an electric
40 generation or distribution system or natural gas distribution system without
41 the written consent of any affected public service corporation, electric
42 cooperative, agricultural improvement or power district or other district
43 described in article XIII, section 7, Constitution of Arizona, the service
44 area of which encompasses all or part of the district, if that entity is

1 providing or is capable of adequately providing electrical utility service
2 or natural gas utility service in the district.

3 2. A district to provide service outside its boundaries without the
4 written consent of any affected public service corporation, electric
5 cooperative, agricultural improvement or power district or other district
6 described in article XIII, section 7, Constitution of Arizona, with a service
7 area that lies outside of the district, if that entity is providing or is
8 capable of adequately providing electrical utility service or natural gas
9 utility service in the area that the district proposes to serve.

10 C. If a district is granted written consent pursuant to this section,
11 the district shall provide a copy to the governor, the president of the
12 senate, the speaker of the house of representatives and each commissioner of
13 the Arizona corporation commission no later than thirty days after consent
14 is granted.

15 D. In connection with any power authorized by statute, the district
16 may:

17 1. Contract.

18 2. Enter into intergovernmental agreements pursuant to title 11,
19 chapter 7, article 3.

20 3. Adopt and change a seal.

21 4. Sue and be sued.

22 5. Enter into development agreements, as defined in section 9-500.05.

23 6. Exercise the same right and power of eminent domain as a public
24 service corporation pursuant to title 12, chapter 8, articles 2 and 3 to
25 acquire any property or right-of-way, except political subdivision, county,
26 state or federal property, for any public infrastructure purpose.

27 E. A district which proposes to provide domestic water service in the
28 certificated area of a public service corporation serving domestic water
29 shall provide just compensation to the public service corporation pursuant
30 to section 9-516.

31 F. Public infrastructure other than personalty may be located only in
32 or on lands owned by the state, a county, a municipality or the district or
33 dedicated or otherwise designated as public roadways, highways, streets,
34 thoroughfares, easements or rights-of-way, whether in or out of the district
35 or the municipality. Personalty may be used only for purposes authorized by
36 the district board. School sites and facilities, by agreement, may be
37 transferred to a school district.

38 G. An agreement pursuant to subsection A, paragraph 10 of this section
39 may include agreements to repay all or part of such advances, fees and
40 charges from the proceeds of bonds if issued or from advances, fees and
41 charges collected from other landowners or users or those having a right to
42 use any public infrastructure. A person does not have authority to compel
43 the issuance or sale of the bonds of the district or the exercise of any
44 taxing power of the district to make repayment under any agreement.

1 H. A district shall not contract with a municipality for enhanced
2 municipal services unless the area for which the services are to be provided
3 is designated by the municipality as a redevelopment SLUM OR BLIGHTED area
4 pursuant to title 36, chapter 12, or an urban core business district of the
5 municipality determined by formal resolution of the municipality to be in
6 need of enhanced municipal services to encourage or preserve commercial
7 development in the area.

8 1. Notwithstanding title 34 or article 2 of this chapter, the district
9 at the option of the district board may enter into contracts for the
10 performance of district projects with landowners in the district after
11 calling for bids but before publishing notice of the award of a contract if
12 all of the following conditions are met:

13 1. The landowner or landowners own three-fourths or more of the total
14 land area of the district.

15 2. The landowner or landowners contract to perform the work at a cost
16 which does not exceed the cost specified in the bid of the bidder who would
17 have been awarded that bid.

18 3. The work for which the contract was let is to be financed pursuant
19 to this article.

20 4. All contracts and work executed pursuant to this section are
21 subject to those rules as the district board may prescribe.

22 Sec. 22. Effect of existing actions

23 This act does not apply to eminent domain actions that were initiated
24 before the effective date of this act to acquire property for transfer to a
25 health care institution as defined in section 36-401, Arizona Revised
26 Statutes.

APPROVED BY THE GOVERNOR MAY 21, 2003.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 21, 2003.

Passed the House March 6, 2003

Passed the Senate April 28, 2003

by the following vote: 34 Ayes,

by the following vote: 16 Ayes,

25 Nays, 1 Not Voting

14 Nays, 0 Not Voting

Jake Flake
Speaker of the House

John Bennett
President of the Senate

Norman L. Moore
Chief Clerk of the House

Norma Chastain
Asst. Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20____,

at _____ o'clock _____ M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this _____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary of State

H.B. 2308

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

May 14, 2003,

by the following vote: 42 Ayes,

14 Nays, 4 Not Voting

Jake Flake
Speaker of the House
Norman L. Moore
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

15 day of May, 2003

at 8:25 o'clock A M.

Sandra Camarez
Secretary to the Governor

Approved this 21 day of

May, 2003,

at 2³⁰ o'clock P. M.

Jon R. Norwalk
Governor of Arizona

H.B. 2308

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 21 day of May, 2003

at 5:57 o'clock P. M.

Janice L. Brewer
Secretary of State